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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

5767

January 15, 2014

David L Penney  
Penney's Gemstones LLC  
P.O. Box 312  
Beaver, Utah 84713

Subject: Deficient Amended Notice of Intention to Commence Small Mining Operations,  
Penney's Gemstones LLC, Sliver 3&4 Mine, S/001/0057, Beaver County, Utah

Dear Mr. Penney:

The Division of Oil, Gas and Mining recently received an amendment to the Sliver 3&4 Notice of Intention to Commence Small Mining Operations (Notice). The following items will need to be addressed before the amendment can be approved:

1. Page 5 – Please show who the surface owner is. The Division understands it is the Bureau of Land Management, and although the Notice indicates the entity has a legal right to enter and begin mining operations, the Division understands there is no authorization from the BLM.
2. Page 7 – Please show the amount of material (including mineral deposit, topsoil, subsoil, overburden, waste rock, or core hole material) to be extracted, moved, or proposed to be moved, relating to the mining operation. The Notice shows approximately how much material would be moved annually, but this rule indicates the Notice should show the total volume or tonnage through the life of the operation.
3. Page 7 - In section 7, identify the width of the improved road. Previous inspection reports indicate that a "pioneer road" was improved. An October 2002 BLM letter states that 4940 feet of road is 12 feet wide.
4. Page 7 - The existing disturbance acreage is 5.5 acres (as measured by GPS), not the 5 acres identified. The existing acreage reported should be changed to 5.5 acres.
5. Location Map - Provide a general location map identifying the access roads from Milford.
6. Operation Map - Draw on copies of the new, smaller-scale maps to show the location and approximate dimensions of the following:
  - a. The area planned to be disturbed,
  - b. Any disturbance for which you are not responsible, and





- c. Proposed topsoil stockpile locations.
7. Reclamation Contract – Submit a signed and notarized copy of the contract.

Based on the statement in the operation description that the disturbance will be 10 acres, the required reclamation surety is \$60,200 as shown in the table below. The Division understands, however, that you may only be planning to disturb six acres. In this case, the Notice needs to clearly state the acreage, the maps need to show a six-acre area that would be disturbed, and the surety amount would be \$38,600.

Disturbance <sup>1</sup> (acres)	Adjusted 3-yr Reclamation Surety Costs (2013)		
	First Acre <sup>2</sup> (3-yr)	Subsequent Cost/Acre	Total - 3 yr (thru 2016)
1	\$9,400	\$5,200	\$9,400
2	\$9,400	\$5,200	\$14,600
3	\$9,400	\$5,200	\$19,800
4	\$9,400	\$5,200	\$25,000
5	\$9,400	\$5,200	\$30,200
6	\$11,600	\$5,400	\$38,600
7	\$11,600	\$5,400	\$44,000
8	\$11,600	\$5,400	\$49,400
9	\$11,600	\$5,400	\$54,800
10	\$11,600	\$5,400	\$60,200

<sup>1</sup> Measured disturbance is rounded up to the next full acre.

<sup>2</sup> The cost for the 1<sup>st</sup> Acre includes equipment O&M and labor, plus mob/demob, third-party and indirect costs. The sixth acre includes additional mob/demob.

These costs supersede those in the March 5, 2012, letter from the Division requiring an increased reclamation surety. The 2012 letter required the increased surety by May 4, 2012. This date is hereby modified to May 12, 2013. **Please note that no operations other than reclamation are allowed until the surety has been submitted and you have approval from the Division and the BLM.**

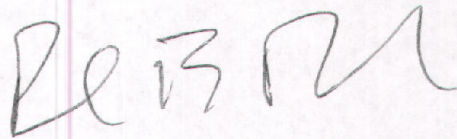
Please provide your response using Form MR-REV-SMO/EXP, available on the Division's web site. Contact Penny Berry at 801-538-5291 if you have any questions regarding forms of reclamation surety.



David Penney  
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January 15, 2014

Please call Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have any questions regarding this letter. In reply, please refer to file number S/001/0057. Thank you for your cooperation.

Sincerely,



Paul B. Baker  
Minerals Program Manager

PBB: pnb: eb  
cc: David Penney, operator (ep7art@mac.com)  
Ed Ginouves, BLM-Cedar City (eginouve@blm.gov)  
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